THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS TRUST BOARD

FINANCIAL STATEMENTS

31 December 2016

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS TRUST BOARD

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D&C 2:2
And he [Elijah] shall plant in the hearts of the children the promises made to the fathers, and the hearts of the children shall turn to their fathers.

"The Lord cares about this place and the disciples who sacrificed and served each other and served Him over generations." —President Henry B. Eyring of the First Presidency

The Church of Jesus Christ of Latter-day Saints Trust Board
Statement of Comprehensive Income
For the year ended 31 December 2016
In thousands of New Zealand Dollars

	Note	2016	2015
			Restated*
Revenue from Non-Exchange Transactions			**Unaudited**
Grants, tithing and other donations			
Grant income		60,783	43,284
Donations		43,232	40,123
		104,015	**83,407**
Revenue from Exchange Transactions			
Sale of literature and supplies		691	1,099
Other sales income		131	122
Other income		194	277
Cost of sales		(569)	(1,317)
Gross profit		447	181
Rental income		1,409	1,545
Interest income		106	178
		1,962	**1,904**
Net Revenue		**105,977**	**85,311**
Expenditure			
Remuneration and other employee benefits	7	18,700	16,430
Defined benefit plan movements	13	1,266	1,287
General and administrative expenses		9,231	10,128
Facility lease and operating costs		15,132	14,458
Grants, donations, humanitarian and local unit expenses		4,985	5,725
Depreciation	16	8,812	12,542
Development cost	16	8,391	-
Impairment of property, plant and equipment	16	1,668	594
(Gain)/loss on sale of assets	16	(120)	412
Foreign exchange losses		2	6
Total expenditure	6	68,067	61,582
Surplus for the year		**37,910**	**23,729**
Other Comprehensive Income			
Defined benefit plan actuarial (losses)/gains	13	(1,001)	677
Total Comprehensive Income for the year		**36,909**	**24,406**

* The comparative figures have been restated. Refer to Note 24 for details.

The accompanying notes form part of these financial statements

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The Church of Jesus Christ of Latter-day Saints Trust Board

Statement of Changes in Equity

For the year ended 31 December 2016

In thousands of New Zealand Dollars

	Note	Retained Earnings	Reserves	Total Equity
Balance as at 1 January 2015 (previously reported)		218,492	81	218,573
Prior period adjustment	24	(3,748)	-	(3,748)
Restated balance as at 1 January 2015		222,240	81	222,321
Total Comprehensive Income for the year				
Surplus for the year		23,729	-	23,729
Other Comprehensive Income	13	677	-	677
Total Comprehensive Income for the year		24,406	-	24,406
Transactions with non-owners recorded directly in equity				
Transfer between equity reserves	18	(21)	21	-
Balance 31 December 2015 (unaudited)		246,625	102	246,727
Total Comprehensive Income for the year				
Surplus for the year		37,910	-	37,910
Other Comprehensive Income	13	(1,001)	-	(1,001)
Total Comprehensive Income for the year		36,909	-	36,909
Transactions with non-owners recorded directly in equity				
Transfers between equity reserves	18	(15)	15	-
Balance 31 December 2016		283,519	117	283,636

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The Church of Jesus Christ of Latter-day Saints Trust Board

Statement of Financial Position
For the year ended 31 December 2016
In thousands of New Zealand Dollars

	Note	2016	2015 Restated* Unaudited
Assets			
Current			
Cash and cash equivalents	8	12,517	8,324
Trade debtors and other receivables	9	3,150	1,803
Inventories	10	305	-
		15,972	**10,127**
Non current			
Property, plant and equipment	16	270,664	235,569
Deseret Benefit Plan Asset	13	7,881	10,148
		278,545	**245,717**
Total assets		**294,517**	**255,844**
Liabilities			
Current			
Trade creditors and other payables	11	7,824	6,453
Employee benefit liabilities	12	3,057	2,664
		10,881	**9,117**
Total liabilities		**10,881**	**9,117**
Equity			
Retained earnings		283,519	246,625
Reserves	18	117	102
Total equity		**283,636**	**246,727**
Total equity and liabilities		**294,517**	**255,844**

* The comparative figures have been restated. Refer to Note 24 for details.

These financial statements are approved for issue by the Trust Board as at 28th July 2016.

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The Church of Jesus Christ of Latter-day Saints Trust Board

Statement of Cash Flows
For the year ended 31 December 2016
In thousands of New Zealand Dollars

	Note	2016	2015 Restated* Unaudited
Grant and donations received		104,015	83,407
Other income received		2,744	3,008
Payments to suppliers		(36,065)	(23,022)
Payments to employees		(18,307)	(16,252)
Grants, donations, humanitarian and local unit expenses		(4,985)	(5,725)
Net cash flows from operating activities	14	47,402	41,416
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		938	1,044
Payments for purchase of property, plant and equipment		(44,147)	(40,531)
Net cash flows used in investing activities		(43,209)	(39,487)
Net increase in cash and cash equivalents		4,193	1,929
Cash and cash equivalents at beginning of year		8,324	6,395
Cash and cash equivalents at end of year		12,517	8,324

The accompanying notes form part of these financial statements

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1 Reporting entity

These financial statements comprise the financial statements of The Church of Jesus Christ of Latter-Day Saints Trust Board (the "Trust"), for the year ended 31 December 2016.

The Trust was created pursuant to a trust deed dated 9th May 1921 and was incorporated by a private act of the New Zealand Parliament entitled the "Church of Jesus Christ of Latter-day Saints Empowering" Act (1957/1).

The Trust is a charitable trust incorporated under the Charitable Trusts Act 1957, and registered under the Charities Act 2005, and therefore is exempt from income tax.

The principle activity of the Trust is to advance the work of The Church of Jesus Christ of Latter-day Saints (the "Church") in New Zealand by providing it with all temporal support that is required in that effort.

As a religious organisation, the Trust's purposes include the:

- *design, construction and maintenance of places of worship and other church facilities;*
- *provision of religious materials and education services;*
- *organization of disaster relief and other humanitarian aid projects;*
- *provision of counselling and other social services;*
- *training of missionaries and support of the Church's missionary program; and*
- *translation of religious and educational materials.*

None of the Trust's work is carried on for pecuniary profit.

The registered address of the Trust is 11 Huron Street, Takapuna, Auckland.

2 Effect of First-Time Adoption of PBE Standards on Accounting Policies and Disclosure

This is the first set of financial statements of the Trust that is presented in accordance with Public Benefit Entity Standards ("PBE standards") having previously reported in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The accounting policies adopted in these financial statements are consistent with those of the previous financial year, except for instances when the accounting or reporting requirements of PBE standards are different to requirements under NZ IFRS which are outlined below:

PBE IPSAS 1: Presentation of Financial Statements

There are minor differences between PBE IPSAS 1 and the equivalent NZ IFRS standard. These differences have an effect on disclosure only.

PBE IPSAS 23: Revenue from Non-Exchange Transactions

PBE IPSAS 23 prescribes the financial reporting requirements for revenue arising from non-exchange transactions. There is no equivalent financial reporting standard under NZ IFRS. The application of this standard affected the Trust's accounting for funding and grants revenue.

In the previous financial year, grants received in relation to the provision of a service were recognised as revenue in the same period in which the specific service is provided. However, PBE IPSAS 23 requires revenue from non-exchange transactions, such as grants, to be recognised as revenue as they are received, unless the grant meets the definition of and recognition criteria for a liability.

Non-exchange revenue can only be deferred and recognised as a liability if there is a condition attached to the grant that requires an entity to use the grant as specified or return the grant if the entity does not perform as specified.

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3 Basis of preparation

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with PBE Standards as appropriate for Tier 1 not-for-profit public benefit entities.

(a) Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with PBE Standards as appropriate for Tier 1 not-for-profit public benefit entities.

(b) Basis of measurement

The financial statements have been prepared on an historical cost basis, except financial assets, which are stated at their fair value and the defined benefit pension plan obligations, which are measured at fair value.
Accrual accounting is used to recognise revenue and expenses and the financial statements have been prepared on a going concern basis.

(c) Functional and Presentation Currency

The financial statements are presented in New Zealand dollars ($) which is the Trust's functional and presentation currency, rounded to the nearest thousand dollars.

(d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.
Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

- Assessment of present value of Deseret Benefit Plan assets (See Note 13)
- Impairment of receivables and property, plant and equipment (See Note 9 and 16)
- Estimation of useful lives of property, plant and equipment (See Note 16)

(e) Changes in accounting policies and disclosure

The accounting policies adopted for the year ended 31 December 2016 are consistent with those of the previous financial year.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

(a) Provisions

A provision is recognised when the Trust has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability. Provisions are not recognised for future operating losses.
A provision for onerous contracts is recognised when the expected benefits expected from the contract are lower than the unavoidable costs of meeting contract obligations.
The Trust recognises a liability for sick leave. The amount is calculated based on the unused sick leave entitlements that can be carried forward at balance date, to the extent that the Trust anticipates that it will be used by staff to cover those future absences.

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4 Significant accounting policies (continued)

(b) Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Trust and revenue can be reliably measured. Revenue is measured at the fair value of consideration received. The Trust assesses its revenue arrangements against specific criteria to determine if it is acting as the principal or agent in a revenue transaction. In an agency relationship only the portion of revenue earned on the Trust's own account is recognised as gross revenue in the Statement of Comprehensive Income.

The following specific recognition criteria must be met before revenue is recognised:

Revenue from Non-Exchange Transactions

Donations

Donations are recognised at the point at which cash is received. Donations includes tithes received from members and donations received as missionary support.
Donated assets are recorded at their value at the date of donation. Like many other charitable organisations, the Trust often receives the benefit of people's time and service carried out free of charge, and this type of donation, which cannot be readily quantified, is not recorded in the financial statements.

Grants

Grants are recognised in the Statement of Comprehensive Income when received and all obligations associated with the grants have been met. Where grants have been given for specific services, income will be recognised in the same period in which the specific service is provided. At balance date any unexpended specific funding is treated as a liability (income in advance).

Revenue from Exchange Transactions

Sale of goods

Revenue from the sale of goods is recognized in the Statement of Comprehensive Income when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods, or where there is continuing management involvement with the goods.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at the reporting date.

Interest

Interest revenue is recognised as the interest accrues (using the effective interest method).

Rental income

Income from the rental of property is recognised in the Statement of Comprehensive Income on a straight line basis over the term of the lease.

5 Standards, amendments and interpretations issued that are not yet effective and have not been adopted early

There are no PBE IPSAS standards issued that are not effective.

Donations above relate to payments made by the Trust Board on behalf of other Church entities in the Pacific Area.

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In thousands of New Zealand Dollars

6 Expenditure

	2016	2015 Unaudited
Expenditure disclosed in the Statement of Comprehensive Income includes:		
Bank fees	98	88
Donations	-	55
Minimum lease payments - operating leases	5,959	6,428

7 Remuneration and other employee benefits

	2016	2015 Unaudited
Salaries and wages	16,387	15,951
Other employee benefit expenses	2,313	2,480
	18,700	18,432

Employee benefits policy

Short term benefits

Employee benefits that the Trust expects to be settled within 12 months of balance date are measured at nominal value based on accrued entitlements at current rates of pay.
These include salaries and wages accrued up to balance date, annual leave earned, but not yet taken at balance date, retirement and long service leave entitlements expected to be settled within 12 months, and sick leave.

8 Cash and cash equivalents

	2016	2015 Unaudited
Cash at bank and in hand	11,374	7,129
Call deposits	211	230
Short term deposits	932	965
	12,517	8,324

Cash at bank earns interest at floating rates on daily deposit balances.

Short term deposits are made for varying periods of between six months and one year, depending on the immediate cash requirements of the Trust, and earn interest at the respective short-term deposit rates.

The Church has a commitment with the Bank of New Zealand in the amount of $150,000 as security against payroll and other items (2015: $150,000).

	2016	2015 Unaudited
Cash and cash equivalents include the following funds held by Trust:		
Blair Johnson Education Trust	58	82
George Terry Trust	825	858
Area Education Callister Fund	107	107
Area Education Fund	154	147
	1,144	1,194

Per annum annual interest rate ranges applicable to components of cash and cash equivalents:	2016	2015
Bank deposits	3.60%	3.80%
Call deposits	1.70%	2.45%

Cash and cash equivalents policy

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

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In thousands of New Zealand Dollars

9 Trade debtors and other receivables

	2016	2015 Unaudited
Trade receivables	659	677
GST receivable	2,677	1,423
Other receivables	443	351
Less allowance for doubtful debts	(629)	(648)
	3,150	**1,803**

	2016	2015 Unaudited
Allowance for doubtful debts:		
Opening balance	(648)	(684)
Doubtful debts collected	19	36
	(629)	**(648)**

All trade receivables are subject to credit risk exposure. There is no concentration of credit risk with respect to receivables other than GST. The carrying amount of trade and other receivables approximates their fair value.

As at 31 December 2016 there were no significant debtor balances overdue (i.e. greater than 30 days) that had not been provided for.

Trade debtors and other receivables are considered as receivable from exchange transactions except GST receivable.

Trade and other receivables policies

Trade and other receivables are measured at cost less any impairment losses.

A provision for impairment is established where there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of the receivable.

Receivables with a short duration are not discounted.

GST policies

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of receivables or payables in the statement of financial position.

10 Inventories

	2016	2015 Unaudited
Literature and supplies	305	-
	305	-

Inventories policies

Inventories are stated at the lower of cost and net realisable value (being the net selling price), with due allowance for any damaged and obsolete stock items.
Cost is based on the first-in-first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.
Net selling price is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs necessary to make the sale.

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In thousands of New Zealand Dollars

10 Inventories (continued)

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost and current replacement cost.

Any write down in the cost of inventory to net realisable value is recognised in the Statement of Comprehensive Income.

11 Trade creditors and other payables

	2016	2015 Unaudited
Trade creditors and accrued expenses	7,024	5,959
Deferred revenue	800	494
	7,824	**6,453**

Trade creditors and accrued expenses are non-interest bearing and are settled on normal trade terms of 30 day terms, the exception being contract retentions which are settled once the creditor has meet their obligations. The carrying value of trade and other payables approximates their fair value.

Trade creditors and accrued expenses are payables from exchange transactions.

Trade and other payables policies

Trade and other payables are measured at amortised cost using the effective interest rate method.

12 Employee benefit liabilities

	2016	2015 Unaudited
Annual leave	984	975
Other payroll deductions	2,073	1,689
	3,057	**2,664**
Employee benefits liabilities have been allocated to the balance sheet as follows:		
Current	3,057	2,664
Non-current	-	-
	3,057	**2,664**

13 Deseret Benefit Plan

Description of the Plan

The Deseret Benefit Plan (the 'Plan') is a registered superannuation scheme that provides employees of the Church with pension benefits on retirement. Usually members may exchange up to 25% of their pension for a lump sum, although full commutation is allowed in some cases. The Plan ceased accepting new members on 31 December 2012.
Members contribute at a rate of 4% of their salaries. They can also make additional voluntary contributions at their own discretion. Member voluntary contributions attract a subsidy of two thirds of the member's voluntary contribution amount, subject to a maximum of 2% of salary less contribution tax.
The Church's contributions are determined by the Church after considering the advice of the Plan's actuary. Following the actuary's advice in the 1 April 2014 interim funding valuation, the Church has ceased making contributions to the Plan with effect from 1 March 2015, though continues to reimburse the Plan for the pensions paid to the disability pensioners. The recommendation in the 1 April 2015 actuarial investigation of the Plan by the Plan's actuary stipulated that the Church's contribution holiday be continued.

The Deseret Benefit Plan is a defined benefit plan in accordance with PBE IPSAS 39.

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In thousands of New Zealand Dollars

13 Deseret Benefit Plan (continued)

Membership information

Membership information is extracted from Mercer's administration records and a summary as at 31 December is provided below:

	2016	2015
Membership		Unaudited
Disability pensioners	1	1
Active members	108	115
Pensioners	108	110
Average age		
Active members	51.5	51.0
Pensioners	75.4	74.9
Average pension and salary per annum		
Average pension of pensioners	$10,552	$10,367

Methodology

The membership information as at 31 December 2016 and the actual cash flows for the year have been used to determine benefit obligations.

The market value of the assets is based on investment reports from the Plan's investment manager as at 31 December 2016 with an allowance for an estimate of current assets and liabilities at that date.

All actuarial gains and losses are recognised in Other Comprehensive Income.

Contribution tax has been allowed for by adjusting the balance sheet and superannuation expense items for Employer Superannuation Contribution Tax (ESCT), which is consistent with prior years.

Assumptions

The discount rate is determined with reference to market yields on New Zealand government bonds with a term that is consistent with the estimated term of the benefit obligation. The discount rate of 3.7% used in the 31 December 2016 disclosures is based on the risk-free discount rates produced by the Treasury at 31 December 2016 with no adjustment for investment tax. Using the assumptions adopted for the 2016 disclosures, the duration of the benefit obligation is 13 years. The rate used at 31 December 2015 was 3.9% p.a., based on the benefit obligation duration of 13 years at that time.

Member pensioner mortality has been based on New Zealand Period Life Tables 2012-2014 mortality table, set back by 1 year, together with an age related future mortality improvement scale, starting from 2013 (the mid-point of the period on which the base Life Table was produced).

The pension increase rate is nil (2015: 0%).

The long term salary inflation rate has been assumed to be 4.0% pa (2015: 4.0%).
Retirement age is 60 years for all active members.

Administration expenses are assumed to be $200,000 p.a. increasing at 100% of CPI, gross of tax relief. The assumed annual rate of increase in the CPI was 2.0% this year (2015; 2.2%).

All members are assumed to commute 25% of their pension for a lump sum at retirement, using cashing factors adopted in January 2016.

ESCT is assumed to be 33% for all beneficiaries.

The in-service disability rates are assumed to be 50% of the active mortality rates.

Disability pensioners are assumed to have normal mortality.

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In thousands of New Zealand Dollars

13 Deseret Benefit Plan (continued)

Accounting Policy
Actuarial gains and losses are recognised in the Statement of Comprehensive Income in the year in which they occur.

Nature of benefits
Active members have Defined Benefit style benefits with a pension payable on retirement, although partial commutation is allowed. Members can also contribute to a subsidised voluntary accumulation section. In addition, the Plan has pensioner and disability pensioner members.

Description of regulatory framework
The Financial Markets Conduct Act 2013 governs the superannuation industry and provides the framework within which superannuation schemes operate. The Act requires an actuarial valuation to be performed for each defined benefit superannuation scheme at least every three years.

The Financial Markets Authority licenses and supervises regulated superannuation schemes.

Description of other entities' responsibilities for the governance of the Plan
The Plan's Trustees are responsible for the governance of the Plan. The Trustees have a legal obligation to act solely in the best interests of beneficiaries. The Trustees have the following roles:

- Administration of the Plan, including receipt of contributions made to the Plan and payment the beneficiaries from Plan assets when required in accordance with the Plan rules;
- Management and investment of the Plan assets; and
- Compliance with superannuation law and other applicable regulations.

Description of risks
There are a number of risks to which the Plan exposes the Church. The more significant risks relating to the defined benefits are:

- Investment risk – The risk that investment returns will be lower than assumed and the Church will need to increase contributions to offset this shortfall.
- Mortality risk – The risk that the members of the Plan will live longer than assumed, increasing the number of pension payments and thereby requiring additional ontributions.
- Legislative risk – The risk that legislative changes could be made which increase the cost of providing the defined benefits.

Description of significant events
There were no Plan amendments, curtailments or settlements during the year.

Reconciliation of the Net Defined Benefit Liability/ (Asset)

Period ending	2016	2015
Net defined benefit liability/ (asset) at beginning of year	**(6.799)**	**(7.040)**
(+) Current service cost	1,110	1,138
(+) Net interest on the net defined benefit liability / (asset)	(262)	(276)
(-) Actuarial return on plan assets less interest income	(404)	(1,000)
(+) Actuarial (gains) / losses arising from changes in demographic assumptions	-	(94)
(+) Actuarial (gains) / losses arising from changes in financial assumptions	837	-
(+) Actuarial (gains) / losses arising from liability experience	238	641
(-) Company contributions	-	(168)
Net defined benefit liability/ (asset) at end of year without contributions tax	**(5.280)**	**(6.799)**
Contributions tax	(2.601)	(3.349)
Liability / (Asset) with Contributions Tax	**(7.881)**	**(10.148)**

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In thousands of New Zealand Dollars

Reconciliation of the fair value of Plan assets	2016	2015 Unaudited
Fair value of Plan assets at beginning of the year	42,204	40,657
(+) Interest income	1,591	1,542
(+) Actuarial return on Plan less interest income	404	1,000
(+) Company contributions	-	168
(+) Contributions by participants	603	590
(-) Benefits paid	(1,414)	(1,371)
(-) Premiums and expenses paid	(362)	(382)
Fair value of Plan assets at end of the year	**43,026**	**42,204**

Reconciliation of the defined benefit obligation	2016	2015 Unaudited
Present value of defined benefit obligation at beginning of the year	**35,405**	**33,617**
(+) Current service cost	1,110	1,138
(+) Interest expense	1,329	1,266
(+) Contributions by participants	603	590
(+) Actuarial (gains)/ Losses arising from changes in demographic assumptions	-	(94)
(+) Actuarial (gains)/ Losses arising from changes in financial assumptions	837	-
(+) Actuarial (gains)/ Losses arising from liability experience	238	641
(-) Benefits paid	(1,414)	(1,371)
(-) Premiums and expenses paid	(362)	(382)
Present value of defined benefit obligation at end of the year	**37,746**	**35,405**

Reconciliation of the effect of the asset ceiling
The asset ceiling has no impact on the net defined benefit liability/ (asset).
Fair value of Assets

Asset category	Total	Significant observable inputs Level 2
Net current assets	792	792
Equity instruments	-	-
Debt instruments	-	-
Derivatives	-	-
Investment funds - Composite Funds	42,248	42,248
Total	**43,040**	**43,040**

The percentage invested in each asset class at the balance sheet date:

	2016	2015 Unaudited
Australasian Equity	14.5%	14.6%
International Equity	36.1%	37.4%
Fixed Income	25.6%	25.1%
Property	10.3%	10.6%
Other	0.0%	0.0%
Cash	13.5%	12.3%
	100.0%	100.0%

The fair value of assets includes no amount relating to:
- any of the Church's own financial instruments
- any property occupied by, or other assets used by the Plan.

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In thousands of New Zealand Dollars

13 Deseret Benefit Plan (continued)

Funding arrangements

The funding objective adopted at the 1 April 2015 actuarial investigation of the Plan is to ensure that the Plan's assets are not less than the value of accrued benefits.
The results of the actuarial investigation revealed that the actuarial surplus has increased, and the Plan's actuary recommended that the Church's contribution holiday be continued.

Expected contributions	***Period ending***	**31-Dec-17**
Expected employer contributions (net of contributions tax)		-

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 13.1 years. The undiscounted average expected term of the defined benefit liabilities is 18.3 years.

Supplemental information

Reconciliation of the assets and liabilities recognised in the balance sheet

	2016	**2015** Unaudited
Defined benefit obligation	37,746	35,405
(-) Fair value of assets	43,026	42,204
(-) Unrecognised past service cost	-	-
(+) Adjustment for limitation on net asset	-	-
Liability/ (Asset)	**(5,280)**	**(6,799)**
Contributions tax	(2,601)	(3,349)
Asset with contributions tax	**(7,881)**	**(10,148)**

Expense recognised in the income statement

Current service cost	1,110	1,138
Net interest cost	(262)	(276)
Past service cost	-	-
Gain/ (loss) on settlement	-	-
Superannuation expense	**848**	**862**
Contributions tax	418	425
Superannuation expense with contributions tax	**1,266**	**1,287**

President Henry B. Eyring
Speaking at the dedication at the
David O. McKay Stake & Cultural Event Centre
in Hamilton New Zealand June 17th, 2017

13 Deseret Benefit Plan (continued)

Amounts recognised in other comprehensive income

Actuarial (gains)/ losses	1,075	547
(-) Actuarial return on assets less interest	(404)	(1,000)
(+) Adjustment for the effect of the Asset Ceiling	-	-
Total Recognised via OCI	**671**	**(453)**
Contributions tax	330	(224)
Total Recognised via OCI with Contributions Tax	**1,001**	**(677)**

Movement in the net asset recognised in the balance sheet

Opening liability/ (Asset) with contributions tax	**(10,148)**	**(10,507)**
Superannuation expense/ (income)	1,266	1,287
Employer contributions	-	(251)
Amount of loss/ (gain) recognised via OCI	1,001	(677)
Closing asset with contributions tax	**(7,881)**	**(10,148)**

Sensitivity analysis

The defined benefit obligation as at 31 December 2016 under different scenarios is presented below.

	Defined benefit obligation (NZ$'000s)
Base Case	37,746
Scenario A: 1% lower discount rate assumption	42,556
Scenario B: 1 year additional life expectancy	38,421
Scenario C: 0% commutation	38,852
Scenario D: 1% higher salary inflation	38,840

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

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In thousands of New Zealand Dollars

13 Deseret Benefit Plan (continued)

Value of Economic Benefits from a reduction in Church contributions	2016	2015 Unaudited
Future service liabilities	11,661	12,967
(-) Present value of future contributions by participants	(3,066)	(3,148)
(+) Present value of estimated future administration expenses	2,226	2,264
Value of Economic Benefits excluding Contributions Tax	**10,821**	**12,083**

Deseret Benefit Plan policies

The Trust is the trustee of the Deseret Benefit Plan, a registered superannuation scheme that provides employees of the Church with pension benefits on retirement. The Plan is a defined benefit pension scheme. As trustee of the Plan, the Trust is liable for any underfunded past service pension obligations.

The asset/liability amount recognized for defined benefit pension scheme recoverable amounts/obligations (if any), at each reporting date, is determined by actuarial valuation; and is the net total of the present value of the defined benefit pension scheme obligation, plus any actuarial gains, minus past service costs as well as the fair value of the Plan assets out of which the obligations will be settled.

Past service costs are recognised as an expense in the period when the Plan is amended.

The rate used to discount pension plan benefit obligations is determined by actuaries by reference to market yields at the end of the reporting period on high quality bonds. The currency and term of the corporate bond is consistent with the currency and estimated term of post employment benefit obligations.

Actuarial assumptions used in measuring the fair value of defined benefit obligations are based on the Plan being a going concern at the balance sheet date. Actuarial assumptions are not adjusted for curtailment or settlement of the Plan, until this event occurs.

Taking the Tour

General Authorities Tour the new Matthew Cowley Pacific Church History Museum.

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In thousands of New Zealand Dollars

14 Reconciliation of profit for the year to net cash flows from operations

	2016	2015 Unaudited
Surplus for the year	37,910	23,729
Non cash items		
Depreciation	8,812	12,542
Revaluation DBP Asset	1,266	1,287
Reversal of provision for doubtful debt	(19)	(36)
Impairment of property, plant and equipment	1,668	594
Items classified as investing activities		
(Gain)/Loss on sale of property, plant and equipment	(120)	412
Movement in working capital		
(Increase)/Decrease in trade and other receivables	(1,328)	1,405
(Increase)/Decrease in inventories	(305)	206
(Decrease)/Increase in trade creditors and accrued expenses	(875)	1,099
Increase in employee entitlements	393	429
Increase in DBP asset	-	(251)
Net cash flow from operating activities	**47,402**	**41,416**

15 Lease commitments

Operating lease commitments payable

	Trust	
Minimum lease payments under non-cancellable operating leases:	**2016**	**2015 Unaudited**
Not later than one year	651	716
Between one to two years	320	443
Between two to five years	64	799
	1,036	**1,958**

The Trust leases property, plant and equipment in the normal course of its operations. Leases can be renewed at the Trust's option.

In thousands of New Zealand Dollars

16 Property, plant and equipment

31 December 2016

	Work in progress	Land and improvements	Buildings and improvements	Furniture and fittings	Equipment	Motor Vehicles	Total
Cost							
Balance 1 January 2016	87,478	66,710	198,322	12,419	499	9,623	375,051
Additions	39,185	3,163	1,042	730	543	1,730	46,393
Transfers	(29,331)	8,912	20,419	-	-	-	-
Impairment	-	(915)	(4,771)	(447)	(449)	-	(6,582)
Disposals	-	-	-	-	-	(1,719)	(1,719)
Balance 31 December 2016	97,332	77,870	215,012	12,702	593	9,634	413,143
Accumulated depreciation and impairment							
Balance 1 January 2016	-	(27,778)	(96,867)	(11,269)	(469)	(3,099)	(139,482)
Depreciation	-	(2,333)	(4,923)	(149)	(151)	(1,256)	(8,812)
Impairment	-	135	4,302	274	203	-	4,914
Disposal	-	-	-	-	-	901	901
Balance 31 December 2016	-	(29,976)	(97,488)	(11,144)	(417)	(3,454)	(142,479)
Carrying amount 31 December 2016	97,332	47,894	117,524	1,558	176	6,180	270,664

All items of plant, equipment and vehicles are capitalised only if the cost is greater than US$10,000. All items with individual value below US$10,000 are expensed. The amount expensed in 2016 amounts to $2,321,556 (2015: $2,131,894).

The net impairment change amounting to $1.668 million relates to properties in Church College of New Zealand located at Temple View, Hamilton impacted by the redevelopment of the site.

The redevelopment of the Temple View site included work on the Tuhikaramea Road and associated areas. The cost of this work amounting to $8.391 million has been expensed as the land upon which the roading development is situated is owned by the local authorities. The work was performed in accordance with the Resource Consent granted by those authorities for the wider development of the Temple View site.

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In thousands of New Zealand Dollars

16 Property, plant and equipment (continued)

31 December 2015

	Work in progress	Land and improvements	Buildings and improvements	Furniture and fittings	Equipment	Motor Vehicles	Total
Cost							
Balance 1 January 2015	61,324	65,481	188,196	12,275	499	9,213	336,988
Additions	38,718	474	1,175	235	-	1,624	42,226
Transfers	(12,564)	2,363	10,201	-	-	-	-
Impairment	-	(152)	(1,250)	(91)	-	-	(1,493)
Disposals	-	(1,456)	-	-	-	(1,214)	(2,670)
Balance 31 December 2015	87,478	66,710	198,322	12,419	499	9,623	375,051
Accumulated depreciation and impairment							
Balance 1 January 2015	-	(25,864)	(88,544)	(11,153)	(431)	(3,061)	(129,053)
Depreciation	-	(2,066)	(8,979)	(207)	(38)	(1,252)	(12,542)
Impairment	-	152	656	91	-	-	899
Disposal	-	-	-	-	-	1,214	1,214
Balance 31 December 2015	-	(27,778)	(96,867)	(11,269)	(469)	(3,099)	(139,482)
Carrying amount 31 December 2015	87,478	38,932	101,455	1,150	30	6,524	235,569

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Property, plant and equipment policies

Property, plant and equipment is measured at cost or valuation, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

(i) **Capitalisation**
All items of plant, equipment and vehicles are capitalised if the individual value is greater than US$10,000. All items with individual value below US$10,000 are expensed.

(ii) **Additions**
The cost of replacing part of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the Trust and the cost of the item can be measured reliably.

(iii) **Disposals**
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the reported profit or loss.

(iv) **Depreciation**
Depreciation is charged on a straight-line basis on all property, plant and equipment (except for land) over the estimated useful life of the asset. Depreciation is charged to the profit or loss in the Statement of Comprehensive Income. The following depreciation rates have been applied to each class of property, plant and equipment:

Land and improvements	10 years (improvements only)
Buildings and improvements	20 to 40 years
Furniture and fittings	10 years
Equipment	3 to 10 years
Motor vehicles	4 to 8 years

The residual value of property, plant and equipment is reassessed annually.

Impairment of property, plant and equipment

The carrying amounts of the Trust assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Comprehensive Income.

The estimated recoverable amount of assets is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indicators exist, the Trust estimates the asset's recoverable amount to measure the reversal of any previous period impairment charges. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversals of impairment are recognised in the Statement of Comprehensive Income.

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In thousands of New Zealand Dollars

17 Capital Management

Capital includes retained earnings of the Trust. The primary objective of the Trust's capital management policy is to ensure working capital is maintained in order to support its activities. The Trust manages its capital structure and makes adjustments to it, in light of changes to funding requirements. To maintain or adjust the capital structure, budgeted discretionary expenditure is reduced to ensure external financing is not required.

18 Equity reserves

Restricted funds

The Church operates a number of Restricted Funds to record amounts received over the years through bequests and testaments from members, the use of which is restricted. The bequests and testaments can only be used in accordance with the benefactor's specific directions. The interest earned on the bequests and testaments is added to the original fund and similarly may only be used in accordance with the benefactor's specific directions.
All movements to and from Equity Reserves are through the Retained Earnings equity account in the Statement of Changes in Equity. No equity reserve movements are taken directly to equity and movements in equity reserves do not impact the Statement of Comprehensive Income.

19 Related parties

(a) Ultimate controlling party

The ultimate controlling party of the Trust is Church Head Office in Salt Lake City, USA.

(b) Transactions with related parties

The Trust has a related party relationship with its Church Head Office in Salt Lake City, USA.

The Trust receives grants from the Church Head Office in Salt Lake City, USA, which subsidises part of the Trust's costs in performing its services. These amounts are recorded as grant income and is reported within the category of other revenue in the Statement of Comprehensive Income. Grant income totalled $60.8 million during the year ended 31 December 2016 (2015: $43.3 million).

(c) Key management personnel

The Trust classified its key management personnel into two classes:

- Trustees
- Executive Management

The aggregate level of remuneration paid and number of persons and each class of key management personnel is presented below:

	2016		2015 (unaudited)	
	Remuneration '000	Number of Individuals	Remuneration '000	Number of Individuals
Trustee fees		-		-
Executive management remuneration	912	6	1,002	6

Total remuneration paid to key management personnel is made up of short-term employee benefits. No other post employment benefits, termination benefits or long term benefit arrangements have been expensed in the years reported.

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20 Financial instruments

The carrying amount of all material balance sheet financial assets and liabilities are considered to be equivalent to their fair value. The Trust has no off-balance-sheet financial instruments.

All financial assets held by the Trust are classified as "loans and receivables" and carried at cost less accumulated impairment losses or "financial instruments at fair value" through profit or loss.

All financial liabilities are measured at amortised cost using the effective interest rate method.

(a) Risk management analysis

The Trust is exposed to various risks in relation to financial instruments. The main types of risk are credit risk and liquidity risk. The Trust has policies to manage the risk associated with financial instruments. Policies have been established which do not allow transactions that are speculative in nature to be entered into.

(i) Credit risk

Credit risk is the risk that a third party defaults on its obligation to the Trust, causing the Trust to incur losses. The Trust has no significant concentration of credit risk in relation to receivables. The carrying amount of trade and other receivables represents the Trust's maximum exposure to credit risk at balance date. With respect to cash and cash equivalents there is a concentration of credit risk as the Trust banks with three trading banks. There is limited credit risk as the funds are on deposit with these registered trading banks all of which have appropriate credit ratings.

The Trust at balance date has no accounts receivable past due, that have not been provided for.

(ii) Liquidity risk

Liquidity risk represents the Trust's ability to meet its contractual obligations as they fall due. The Trust manages liquidity risk by managing cash flows and ensuring that adequate credit lines are in place to cover potential short falls.

A Family Occasion
It was a family occasion they won't forget anytime soon. Sisters Yasmin Sadler, Ysatis Leafa and Mum Soraya Barker were three of the 200 Hamilton Saints who performed at the cultural celebration on Friday night.

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In thousands of New Zealand Dollars

Trust 2016 *Undiscounted Contractual cash flows of financial liabilities*	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	Greater than 12 months
Liabilities					
Trade creditors and accrued expenses	7,024	7,024	7,024	-	-

Trust 2015 *Undiscounted Contractual cash flows of financial liabilities*	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	Greater than 12 months
Liabilities					
Trade creditors and accrued expenses	5,959	5,959	5,959	-	-

(b) Financial instrument classification

Classification and fair values of financial instruments

	2016	2015 Unaudited
Financial Assets		
Loans and Receivables		
Cash and cash equivalents	12,517	8,324
Trade debtors and other receivables	473	380
	12,990	8,704
Financial Liabilities		
Liabilities at amortised cost		
Trade creditors and other payables	7,024	5,959
	7,024	5,959

Due to their short term nature, the fair value of the above financial instruments is equal to its carrying amount.

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20 Financial instruments (continued)

Financial instruments policies

The Trust initially recognises financial instruments when the Trust becomes a party to the contractual provisions of the instruments.

The Trust derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Trust is recognised as a separate asset or liability.

The Trust derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The Trust also derecognises financial assets and financial liabilities when there has been significant changes to the terms and/or the amount of contractual payments to be received/paid.

Financial assets and liabilities are offset and the net amount is presented in the Statement of Financial Position when, and only when, the Trust has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Trust classifies financial assets into loans and receivables and financial liabilities into amortised cost.

(i) Loans and receivables

Financial assets classified as loans and receivables are non-derivative with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

Financial instruments classified as *loans and receivables* include: trade and other receivables and cash and cash equivalents.

The classification depends on the purpose for which financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at each reporting date.

(ii) Financial liabilities at amortised cost

Financial liabilities classified as amortised cost are non-derivative financial liabilities that are not classified at fair value through surplus or deficit financial liabilities.

Financial liabilities classified as amortised cost are subsequently measured at amortised cost using the effective interest method.

Financial liabilities classified as amortised cost comprise of trade and other receivables.

<u>Impairment of financial assets</u>

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a counterparty, restructuring of an amount due to the Trust on terms that the Trust would not consider otherwise, indications that a counterparty or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Trust, economic conditions that correlate with defaults or the disappearance of an active market for a security.

21 Capital commitments

The Trust has $23,535,000 capital commitments at balance date (2015: $39,700,000).

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In thousands of New Zealand Dollars

22 Contingent liabilities

The Trust has no contingent liabilities at balance date (2015: Nil).

23 Subsequent events

There were no subsequent events.

24 Prior Period Adjustments

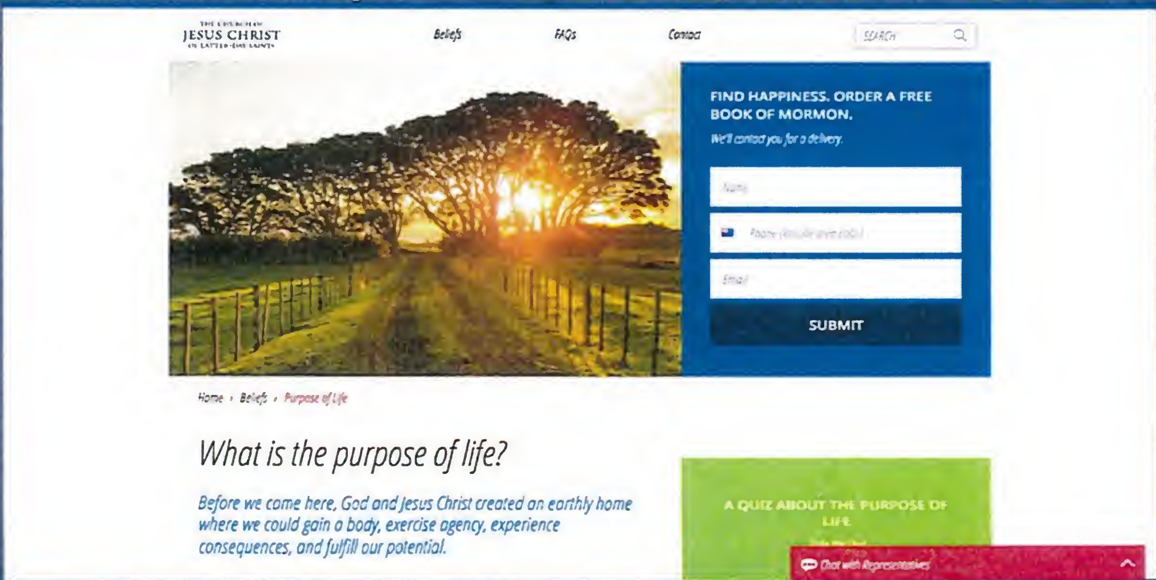
The depreciation calculations are based on the asset commissioning dates entered into the asset register. In the case of a number of property developments completed in 2015 or earlier, these dates were not input until the 2016 financial year. This resulted in an understatement of depreciation in the earlier periods of $2.615 million and $0.730 million in the 2015 year

In addition, the rates of depreciation of certain other assets acquired prior to 2015 were set in error for shorter periods than their actual useful economic lives. This resulted in an overstatement of depreciation in the earlier periods of $6.363 million.

The below table summarises the changes made to the statements of financial position, statement of changes in equity, and statement of comprehensive income for the restated comparatives to correct these errors.

	Depreciation expense	Property, plant and equipment	Retained earnings
Balance reported at 1 January 2015	-	204,187	218,492
Effect of prior period error	-	3,748	3,748
Restated balance at 1 January 2015	-	207,935	222,240
Balance as at 31 December 2015	11,812	232,551	243,607
Effect of the prior period error (1 January 2015)	-	3,748	3,748
Effect of the prior period error (31 December 2015)	730	(730)	(730)
Restated balance at 31 December 2015	12,542	235,569	246,625

To learn more about *the Church of Jesus Christ of Latter-day Saints*, to find out about our beliefs and what we do, and to see stories about our members who live in your communities look us up on Facebook and at Mormon.org



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INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS TRUST BOARD

Opinion

We have audited the financial statements of The Church of Jesus Christ of Latter-day Saints Trust Board ("the Trust"), which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards ("PBE Standards") issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Trust in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In addition to audit services, our firm provides other services in the area of risk assurance services. We have no other relationship with, or interests in, the Trust.

Other Matter

The financial statements of the Trust for the year ended 31 December 2015 were not audited.

Trustees' Responsibilities for the Financial Statements

The Trustees are responsible on behalf of the Trust for the preparation and fair presentation of the financial statements in accordance with PBE Standards, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered

material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Who we report to

This report is made solely to the Trust's Trustees, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Trustees, as a body, for our audit work, for this report or for the opinions we have formed.

BDO Auckland

BDO Auckland
Auckland
New Zealand
28 July 2017

THE CHURCH OF
JESUS CHRIST
OF LATTER-DAY SAINTS